

(6) "Average population ratio" means the average daily state inmate population as a percentage of the total facility average daily population.

(7) "Bed ratio" means the number of contracted state prison beds as a percentage of total identified facility beds.

(8) "Capital costs" means the costs of the buildings, major improvements, and equipment (over \$5,000) reduced by the actual amount of any federal and Montana Department of Corrections capital improvement grants.

(9) "Chart of accounts" means a listing of specific accounts utilizing the state/county budget, accounting, and reporting system (BARS) to categorize expenditure types in accordance with the Montana Department of Corrections per diem worksheet.

(10) "Department" means the Montana Department of Corrections (MDOC) established in 2-15-2301, MCA.

(11) "Depreciation" means an accounting method of recovering a capital cost expenditure.

(12) "Facility" means a regional correctional facility.

(13) "NCCHC standards" means the most recent edition of the "National Commission of Correctional Health Care Standards for Adult Correctional Institutions" published by the National Commission on Correctional Health Care, P.O. Box 11117, Chicago, IL 60611.

(14) "Operating costs" means expenditures excluding personal services that relate to the operation of the facility and directly benefit state inmates.

(15) "Per diem rate" means the cost per inmate per day that the department pays to the operator of the regional correctional facility and reflects both the direct and indirect costs of the operation.

(16) "Per diem worksheet" means the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities that the regional correctional facility and the department must use to calculate the regional correctional facility per diem rate.

(17) "Shared or common areas" means areas of the facility that are used by, or for the benefit of, both state prisoners and other facility inmates.

(18) "Square footage ratio" means the square footage of the state portion of the facility compared to the square footage of the whole facility and is expressed as a percentage.

(19) "State portion" means that part of the regional correctional facility that is utilized for the confinement or benefit of state prisoners over which the department has responsibility for custody.

(20) "Unallowable costs" means programs and services that do not have a direct benefit to persons confined in a regional correctional facility.

(21) "Volume ratio" means the cubic footage of the state portion of the facility compared to the cubic footage of the whole facility and is expressed as a percentage.

AUTH: 53-30-507, MCA

IMP: 53-30-503, 53-30-504, 53-30-505, 53-30-506, MCA

REASONABLE NECESSITY: The agency proposes New Rule I, Definitions, to define terms used in the body of New Rules II through XIX.

NEW RULE II APPLICATION TO ESTABLISH A REGIONAL CORRECTIONAL FACILITY (1) A local government entity, individual, corporation, partnership, association, or other private organization or entity may not construct or operate a regional correctional facility without the authorization of the department.

(2) A public or private entity that wishes to establish a regional correctional facility must first submit an application to the department for the department's initial approval.

(3) The application must provide substantiation and documentary evidence of the following criteria:

- (a) the need for a regional correctional facility in the area;
- (b) the financial ability and, in the case of a public entity, an appropriate resolution by its governing body authorizing the entity to enter into a long-term contract with the department; and
- (c) the availability of rehabilitative services for inmates, including but not limited to providers of mental health and chemical dependency treatment, job, career, and vocational programming.

(4) A private entity must submit a resolution by the applicable local governmental governing body in which the local government states its approval for and willingness to have a regional correctional facility operated by a private entity within its jurisdiction.

(5) The department may not authorize a corporation to construct or operate a regional correctional facility unless it has first published a request for proposal for a regional correctional facility and it has selected the corporation using the competitive proposal process.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule II in order to give entities who wish to erect or operate a regional correctional facility a mechanism by which they must comply to begin the process.

NEW RULE III SITING A REGIONAL CORRECTIONAL FACILITY (1) A local government entity, individual, corporation, partnership, association, or other private organization or entity that wishes to construct or operate a regional correctional facility must submit siting information to the department for its approval of the site. The siting information must document and show how the site conforms to the requirements listed below.

(2) The department will approve the site if the local government entity, individual, corporation, partnership, association, or other private organization or entity that wishes to construct or operate a regional correctional facility obtains a resolution from the governing body of the community authorizing the site. The community governing body must document to the department that the selected site:

- (a) can accommodate a secure facility;

- (b) can support unobstructed surveillance of the facility;
- (c) has appropriate access roads during both the construction and operation of the facility;
- (d) will conform to all applicable state statutes, rules and regulations, and applicable local zoning ordinances;
- (e) is within 30 minutes emergency response time of an accredited hospital licensed by the state;
- (f) is within 30 minutes emergency response time of a fulltime or volunteer fire department;
- (g) is within one hour driving time of scheduled public or private transportation services that provide regular travel to and from the area of the facility;
- (h) is within one hour driving time of an airport and landing field suitable for landing and take-off of charter-type aircraft and listed on the state system plan of airports as maintained by the Montana Department of Transportation, Aeronautics Division; and
- (i) is located above a 100-year flood plain.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule III to establish reasonable criteria with which an entity must comply if it wishes to site a regional correctional facility in a community in Montana.

NEW RULE IV CONSTRUCTION REQUIREMENTS FOR A REGIONAL CORRECTIONAL FACILITY (1) The facility shall be a secure facility and have controlled access to and from the facility and other appropriate security measures so as to prevent unauthorized access to and from the facility.

(2) The facility must comply with all applicable federal, state, and local building and fire safety codes.

(3) The facility must be constructed according to ACA standards for secure facilities.

(4) The facility must have mutual aid agreements in place with applicable local agencies.

(5) A regional correctional facility must obtain accreditation by both the ACA and the NCCHC within three years of the date the facility accepts state inmates and must maintain the accreditation thereafter.

(6) This rule applies only to facilities constructed after the effective date of these rules.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule IV to set out the minimum construction requirements for a regional correctional facility.

NEW RULE V POLICIES, PROCEDURES, PRACTICES (1) The regional correctional facility must maintain appropriate written policies and procedures contained in a manual that is accessible to all employees and the department.

(2) The facility shall establish policies, procedures, and practices for the operation, security, and physical condition of the facility, as well as policies, procedures, and practices for the safety, health, treatment, and discipline of persons confined in the state correctional facility portion of the regional prison.

(3) The department will determine which department policies, procedures, and practices the facility must adopt.

(4) The policies, procedures, and practices must conform to ACA and NCCHC standards.

(5) The facility must gain the department's initial approval of its policies and procedures before the department may allow the facility to begin to accept inmates into the facility.

(6) The facility must review and update its policies and gain the department's approval yearly after the initial approval.

(7) The facility must pass a pre-occupational compliance review conducted by the department and shall maintain at least a 90% compliance rating on all future department compliance reviews.

(8) The policies and procedures must address the following areas:

(a) media access, confidentiality, and dissemination of information;

(b) inmate issues including:

(i) inmate funds and accounting;

(ii) inmate housing;

(iii) inmate exercise and recreation;

(iv) inmate visiting, telephone access, and mail;

(v) inmate work, religious, vocational, and treatment programs;

(vi) inmate personal property;

(vii) inmate legal assistance; and

(viii) inmate sanitation and hygiene;

(c) staff issues including:

(i) background/criminal record check;

(ii) personnel files; and

(iii) training and staff development;

(d) safety and security issues including:

(i) inmate movement and count;

(ii) building and safety codes;

(iii) fire and life safety;

(iv) disaster and emergency response plan;

(v) use of force, restraints, and chemical agents;

(vi) facility security;

(vii) control of contraband, keys, and tools; and

(viii) facility security threats and escapes;

(e) inmate discipline, special management, and classification;

(f) inmate food service; and

(g) inmate health care, screening, and pharmaceuticals.

(9) This rule does not apply to facilities that are operational on the effective date of these rules.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule V to set out the minimum operational requirements with which a newly constructed regional correctional facility must comply.

NEW RULE VI LICENSING (1) A regional correctional facility constructed or operated by an individual, corporation, partnership, association, or other private organization or entity must be licensed by the department in order to operate.

(2) The facility must prominently display its license in the general administration area of the facility.

(3) A license is not transferable.

(4) The facility must renew its license annually on the expiration date of the previous year's license.

(a) The department may renew the facility's license only if the department determines the facility shows it is in at least 90% compliance with the department's applicable policies, procedures, and practices and with ACA and NCCHC standards as determined on the department's compliance reviews.

(5) The department may deny, suspend, restrict, revoke, or reduce to provisional status a facility's license if it determines:

(a) the facility is not in at least 90% compliance with the department's applicable policies and procedures and with ACA and NCCHC standards;

(b) the facility has made material misrepresentations to the department regarding the facility's management or operation;

(c) the facility has failed to comply with a plan of correction designed to correct deficiencies in the facility's management or operation; or

(d) the facility has failed to become accredited by the ACA or NCCHC within its first three years or has failed to maintain its accreditation.

(6) A regional correctional facility constructed or operated by an individual, corporation, partnership, association, or other private organization or entity must apply to the department in writing for its initial license at least 90 days before the date it accepts state inmates, and must apply in writing at least 60 days prior to its license expiration to renew a current license.

(7) This rule does not apply to facilities that are operational on the effective date of these rules.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule VI to establish a licensing requirement for newly constructed regional correctional facilities and to establish the licensing requirements with which a regional correctional facility must comply before the department will license it.

- NEW RULE VII CALCULATION OF A PER DIEM RATE-GENERAL PRINCIPLES (1) A per diem rate will be determined based on information provided by the regional correctional facility in accordance with the MDOC per diem calculation worksheet. The per diem rate will reflect actual allowable and allocable direct and indirect costs associated with the operation of the regional correctional facility that benefits state inmates. The rate represents the true cost of housing state inmates and is neither more than or less than the actual costs the regional correctional facility incurs because it houses state inmates. It reflects that neither the state nor the regional correctional facility subsidizes the operations of the other.
- (2) The per diem rate the department pays the regional correctional facility will include payment for all the contractual provisions outlined in the contract between the facility and the department.
- (3) The per diem rate will be calculated based on the information the regional correctional facility provides on the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities. The MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities and instructions for completing it can be found on the department's web site at www.cor.mt.gov.
- (a) The regional correctional facility's governing body must submit information to the department to document the calculation:
- (i) the documentation must be provided in the required format; and
 - (ii) it must be included in the governing body's published comprehensive annual financial report (CAFR).
- (4) The per diem rate will be based on effective management and services that are substantially equivalent to the management and services provided by the department and are based on ACA standards. The per diem rate will not include costs for services or items the facility added without the mutual agreement of the department and the regional correctional facility governing body. Approval will not be unreasonably withheld.

AUTH: 53-30-507, MCA
IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule VII to establish the general principles that underlie the calculation of a per diem rate for regional correctional facilities, that the per diem rate reflects the actual cost the facility incurs, and the fact that the calculation will be accomplished using a standardized worksheet.

- NEW RULE VIII GENERAL COST PRINCIPLES USED FOR CALCULATING PER DIEM (1) To be allowable, costs must be reasonable, ordinary, necessary, and to some degree, benefit inmates housed in the state portion of the facility.
- (2) Allowable costs must be:
- (a) accounted for in accordance with generally accepted accounting principles;
 - (b) net of all applicable credits;
 - (c) adequately documented; and

(d) calculated in accordance with the United States Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments. Copies of OMB Circular A-87 can be obtained from the federal government or found on the U.S. Management and Budget web site at <http://www.usdoj.gov/marshals/prisoner/omb87.pdf>.

(3) Costs that do not benefit state inmates cannot be claimed on the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities.

(4) Costs may be direct if they have a direct benefit to state inmates or indirect if they only indirectly accrue to the benefit of state inmates. An example of a direct cost is the cost of prescription medication for state inmates. An example of an indirect cost is the cost for legal services, insurance, accounting, payroll, and human resources.

(5) Direct costs are further divided into costs that are shared and costs that are unshared. An example of a shared cost is the salary of the warden or administrator who spends some of his or her time managing the entire facility, both local and state portions. An example of an unshared cost is the case manager's salary who works only in the state portion of the facility.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule VIII to establish the general cost principles that underlie the calculation of a per diem rate for regional correctional facilities and what costs generally are reflected in the cost calculation.

NEW RULE IX COMPLETING THE PER DIEM WORKSHEET DATA

SUMMARY (1) Section I-General Information: enter the name, telephone number, and physical address of the regional correctional facility, and the name of the facility administrator.

(2) Section II-Financial Data Summary: on Line A enter the most recently concluded fiscal year that corresponds to the accounting period of the cost submission.

(a) The form will automatically populate lines B through H with the totals from Schedules B through G.

(b) The form will automatically compute the total operating costs by adding the totals of Schedules B through G represented on lines B through H.

(c) The form will automatically calculate the actual operating per diem based on the costs divided by the number of actual prisoner days.

(3) Section III-Inmate Population Information: Inmate population data must be submitted for the same accounting period as the cost data submitted. Enter the total daily inmate capacity, total actual annual prisoner days, and the average daily population of the regional correctional facility by prisoner type in the appropriate blocks. The average daily prisoner population data should be verifiable to daily count logs or similar control documents. If the facility houses local prisoners elsewhere for a fee, related costs of such an arrangement are not allowable for this rate computation and, therefore, those prisoners must be excluded from the prisoner population data.

(4) Section IV-Per Diem: enter the requested per diem rate for housing state inmates and the per diem rate the federal government pays to house federal inmates at the facility if applicable.

(5) Section V-Governing Body Contract: enter the name or names of the individuals authorized to represent and to act for the government body in per diem rate negotiations.

(6) Section VI-Certification Statement: the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities form may be prepared by an individual who has knowledge of, and access to, the budget and accounting records for which the cost data are based; however, the form must be signed by the chief financial officer of the governing body or the equivalent officer.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule IX to establish instructions for regional correctional facilities to complete Schedule A of the per diem calculation worksheet.

NEW RULE X COMPLETING SCHEDULE B PART I-PERSONNEL

SALARIES (1) Regular and overtime salaries of personnel by position that work at the regional correctional facility on a full-time and part-time basis are allowable as direct operation costs. A list of these employees including name, title, and salary must be submitted to support Schedule B.

(2) The facility may list on Schedule B, Part I all personnel that work at or support the state portion of the facility, as long as the personnel's services in some way accrues to the benefit of state inmates and are listed on the staffing pattern attached to the contract. The facility shall use a bed ratio for shared direct personnel costs.

(3) Full-time and part-time salaries for the following personnel are usually allowable:

- (a) regional correctional facility management officials;
- (b) administrative support personnel;
- (c) detention officers and other uniformed personnel assigned to the state portion of the regional correctional facility;
- (d) maintenance personnel;
- (e) cooks and aides;
- (f) training officers;
- (g) on-site medical personnel; and
- (h) treatment counselors.

(4) Salaries of personnel who perform services that do not benefit state prisoners are not allowable. Examples are as follows:

(a) appointed and elected officials; e.g., the mayor, county attorney, county commissioners, state district court judges, justices of the peace, and city court judges;

(b) public defenders, probation and parole officers, other inmate attorneys, and other local court personnel; and

(c) law enforcement personnel assigned to nondetention functions; e.g., patrol officers, detectives, and investigators.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule X to establish guidelines for regional correctional facilities in order to complete Schedule B of the per diem calculation worksheet concerning personnel costs. The guidelines establish parameters for allowable and unallowable costs.

NEW RULE XI COMPLETING SCHEDULE B PART II-PERSONNEL BENEFITS (1) Generally, all related paid personnel benefit costs are allowable in the same ratio as the allocation in Part I.

(2) The following are types of personnel benefits that are allowable:

- (a) retirement plan costs;
- (b) FICA payroll taxes;
- (c) life, health, and dental insurance plans;
- (d) workers' compensation insurance; and
- (e) employee uniforms, including shoes, if not claimed as a direct operating cost under Schedule D.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XI to establish guidelines for regional correctional facilities in order to complete Schedule B, Part II of the per diem calculation worksheet concerning personnel benefits. The guidelines establish parameters for allowable costs.

NEW RULE XII COMPLETING SCHEDULE C-CONSULTANTS AND CONTRACT SERVICES (1) Costs for consultant and contract services are allowable and can be included on Schedule C to the extent that they benefit state inmates and are required by contract.

(2) The following contract services are usually allowable either fully or using a bed ratio if only a portion of the cost benefits state inmates:

- (a) in-house medical, dental, and mental health care. Medical co-payments paid by inmates must be offset against any claimed medical costs;
- (b) custodial and maintenance;
- (c) legal services and nondenominational religious services;
- (d) GED and other educational or treatment programs; and
- (e) food service.

(3) The following types of contract costs are usually not allowable:

- (a) prescription/pharmacy, if the state is billed separately for such medication; and
- (b) electronic monitoring of inmates and home detention programs.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XII to establish guidelines for regional correctional facilities in order to complete Schedule C of the per diem calculation worksheet concerning consultants and contract services. The guidelines establish parameters for allowable costs.

NEW RULE XIII COMPLETING SCHEDULE D-OTHER DIRECT OPERATING COSTS (1) To be claimed on the MDOC per diem calculation worksheet, all direct costs must be reasonable and allowable under OMB Circular A-87 guidelines and supported by paid invoices, transactions listings, or general ledger entries. The following are examples of cost categories that can be claimed on the MDOC per diem calculation worksheet and the way in which they may be calculated:

- (a) inmate compensation (calculated as actual cost);
- (b) food and kitchen supplies (prorated using the bed ratio);
- (c) inmate clothing (calculated as actual cost or prorated using the bed ratio);
- (d) prescriptions (calculated as actual cost);
- (e) medical care supplies (prorated using the bed ratio);
- (f) bedding and linens (calculated as actual cost or prorated using the bed ratio);
- (g) toiletries (calculated as actual cost or prorated using the bed ratio);
- (h) employee uniforms, including shoes (only for facility staff, not including subcontractors and only if not included as a personnel benefit and prorated using the bed ratio);
- (i) safety and sanitation supplies and services (prorated using the bed ratio);
- (j) maintenance supplies (prorated using the bed ratio);
- (k) office supplies and postage (calculated as actual cost or prorated using the bed ratio);
- (l) minor tools and equipment. Current year purchases of equipment costing less than \$5,000 (prorated using the bed ratio if applicable). The cost of equipment claimed here cannot be included on Schedule F-Equipment Cost for the purpose of computing allowable depreciation charges;
- (m) recreation and education supplies. If any costs are reimbursed by the Inmate Welfare Fund, the reimbursement must be offset against the claimed cost (calculated as actual cost or prorated using the bed ratio);
- (n) telephone and communication supplies (calculated as actual cost or prorated using the bed ratio);
- (o) property insurance (prorated using the square footage ratio);
- (p) employee training, education, conferences, and subscriptions related to the operation of the state portion of the facility;
- (q) travel expenses (based on the regional correctional facility's per diem expense schedule or the state's schedule);
- (r) interest (prorated using the bed ratio). Debt services (principle) is unallowable and any earnings on debt service reserve funds and interest earned on the borrowed funds pending payment of expenses must be offset against the claimed cost; and

- (s) utilities (prorated using the square footage or volume ratio).
- (2) Any amounts incurred in support of local court and/or law enforcement activities are not allowable. The following direct costs are not allowable:
 - (a) fees paid to other local governments for the housing of local prisoners;
 - (b) off-site hospital and medical care for state inmates if billed and paid separately by the state;
 - (c) alcoholic beverages;
 - (d) costs for transporting and producing local inmates at local court proceedings;
 - (e) contributions to a contingency reserve or any similar provision, such as for future vehicle or equipment purchases, or for any other events the occurrence of which cannot be foretold with certainty as to time, or intensity, or with an assurance of their happening;
 - (f) contributions and donations, including cash, property, and services regardless of the recipient;
 - (g) membership fees in organizations engaged in lobbying;
 - (h) legal expenses for prosecution of claims against the state and those incurred in connection with any criminal, civil, or administrative proceedings commenced by the state;
 - (i) fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the governmental unit to comply with federal, state, local, or Indian tribal laws and regulations, except when incurred as a result of compliance with specific provisions of the contract between the state and the regional correctional facility;
 - (j) costs for entertainment, including amusement, diversion, and social activities and any costs directly associated with purchase of tickets to shows or sporting events, meals, lodging, rentals, transportation, and gratuities;
 - (k) required repayments of unused grant monies to grantors; and
 - (l) costs directly associated with any federal or state grants awarded to the regional correctional facility.
- (3) All revenue generated from the regional correctional facility's operation must be offset against the direct costs claimed on the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities, Schedule D. Examples of credits that must be reported are:
 - (a) insurance rebates, recoveries, or indemnities on losses;
 - (b) employee meal program charges; and
 - (c) fees, other than inmate lodging costs, received from other jurisdictions for services provided.

AUTH: 53-30-507, MCA
IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XIII to establish guidelines for regional correctional facilities in order to complete Schedule D of the per diem calculation worksheet concerning other direct costs. The guidelines establish parameters for other allowable and unallowable direct costs.

NEW RULE XIV COMPLETING SCHEDULE E-COST ALLOCATION PLANS/INDIRECT COST PROPOSALS (1) Other local units of the governing body provide certain services to the state portion of the regional correctional facility on a centralized basis. In order for the costs of those units of the governing body to be included in the per diem rate computation, a central service cost allocation plan is needed to identify and assign part of those costs to the state portion of the regional correctional facility's operation on a reasonable and consistent basis. All costs and other data used to distribute the cost included in the plan should be supported by formal accounting and other records that support the propriety of the cost assignments. To include indirect costs in the per diem rate computation:

(a) cost allocation plans must be submitted to the department over the signature of the governing body's chief financial officer or equivalent officer. The department will certify the plan if the documentation reflects accurate financial information and is completed in accordance with guidelines in OMB Circular A-87;

(b) the costs must benefit both the state and other local governing body activities, must be distributed to all activities in reasonable proportions to the benefits received, and must be supported by subsidiary records that allow confirmation of the accuracy of the distributions;

(c) similar or identical costs cannot be charged as direct costs on the per diem worksheet. The following categories require scrutiny to ensure duplicate or unallowable claims are not made: travel expenses, legal expenses, conferences, professional services, and miscellaneous expenses; and

(d) the pre-allocation cost basis of each category claimed must be verifiable.

(2) The following are examples of categories of indirect costs, a portion of which may be assigned to the detention facility for inclusion in the per diem rate computation provided they have not already been included as a direct cost:

(a) motor pool operations, fuel, and maintenance provided that vehicle expense is not included as a separate line item on the per diem worksheet;

(b) procurement, personnel, administrative, financial, and accounting support provided by staff of the governing body and/or the nondetention operations of the police/sheriff department.

(3) The governing body's operating costs not related to the detention facility's operation cannot be included for per diem rate computation purposes. For example, costs of a water treatment facility would not be allowed if the regional correctional facility is not served by the facility.

(4) If the governing body does not calculate and submit to the department an indirect cost plan which reflects accurate financial information and is completed in accordance with guidelines in OMB Circular A-87, then the allowable rate for indirect costs is 8% of the governing body's direct operating costs.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XIV to establish guidelines for regional correctional facilities in order to complete Schedule E of the per diem calculation worksheet concerning an indirect cost plan. The rule is necessary to give regional correctional facilities a choice to either complete a

properly prepared indirect cost plan or take a flat 8% of direct costs to reflect the facility's indirect costs.

NEW RULE XV COMPLETING SCHEDULE F-EQUIPMENT COST

(1) Equipment is an article of nonexpendable, tangible personal property having a useful life of more than one year and an acquisition cost of more than \$5,000. Cost allowances relating to the use of fixed assets on hand may be made through depreciation or a use-allowance.

(2) If the depreciation method is used, records indicating the amount of depreciation taken each period must be maintained. For either method, charges must be supported by adequate property records, and physical inventories must be taken at least every two years (a statistical sampling approach is acceptable) to ensure that assets exist and are in use.

(3) Without a formalized equipment depreciation policy at the local level, a use-allowance of 6 2/3% with a 15-year write-off period is to be used to compute allowable equipment use-allowance charges.

(4) The following are allowable when computing equipment depreciation or use-allowance charges allocable to the state portion of the regional correctional facility:

(a) equipment meeting the governing body's established capitalization criteria;

(b) equipment used in the general operation of the regional correctional facility; and

(c) equipment used in programs in which state inmates participate.

(5) The following are not allowable when computing equipment depreciation or use-allowance charges allocable on the MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities:

(a) payments to cash reserves for acquisitions made or planned after the accounting period of the cost submission;

(b) the cost of equipment received from the state government through the state surplus property program or similar programs or purchased with funds received from the state government;

(c) the cost of equipment contributed by or for the governing body, or a related donor organization, in satisfaction of a matching requirement;

(d) the cost of vehicles used for inmate transportation if the facility does not provide the state inmate transportation services;

(e) the cost of surplus, idle, fully depreciated, or inappropriate equipment items;

(f) the cost of equipment below the established capitalization threshold; and

(g) the cost of equipment in use in programs in which state inmates do not participate.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XV to establish guidelines for regional correctional facilities in order to complete Schedule F of the

per diem calculation worksheet concerning equipment costs. The guidelines establish parameters for allowable and unallowable equipment costs.

NEW RULE XVI COMPLETING SCHEDULE G-BUILDING DEPRECIATION

(1) A depreciation or use-allowance charge is allowed for all buildings utilized in the performance of the contract with the state. Without a formal building depreciation policy at the local level, a use-allowance not exceeding 2% of acquisition costs should be used to compute the allowable building use-allowance charge.

(2) The original construction cost must be reduced by the amount of any department or federal grants used for the construction.

(3) The following are allowable when computing building depreciation or use-allowance charges allocable to the contract with the department:

- (a) the cost of building additions, renovations, and improvements; and
- (b) the cost of land improvements, such as paved parking areas, fences, and sidewalks.

(4) The following are not allowable when computing building depreciation or use allowance charges allocable to the contract with the state:

- (a) the cost of land;
- (b) any portion of the cost of buildings borne by or donated by the federal or state government;
- (c) any portion of the cost of buildings contributed by or for the governing body unit, or a related donor organization, in satisfaction of a matching requirement; and
- (d) cost assignable to space occupied by nondetention functions of the governing body.

(5) Debt service is unallowable and any earning on debt service reserve funds and interest earned on the borrowed funds pending payment of expenses must be offset against the claimed cost.

AUTH: 53-30-507, MCA

IMP: 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XVI to establish guidelines for regional correctional facilities in order to complete Schedule G of the per diem calculation worksheet concerning building depreciation costs. The guidelines establish parameters for allowable and unallowable depreciation costs.

NEW RULE XVII REVIEW AND REVISION OF PER DIEM RATE (1) The current year per diem rate will be calculated using the previous fiscal year's actual expenditures and adjustments for expected costs over the biennium.

(a) Appropriate adjustments will be mutually agreed upon by the governing body and the department.

(b) Examples of appropriate adjustments are: expected pay increases from union negotiations, food costs, utility increases, and other items that can change due to inflation.

(2) In the second year of a per diem calculation period, the governing body will receive adjustments to reflect actual costs incurred.

(a) The governing body must submit financial information to document actual expenditures.

(b) The DOC will reimburse the governing body in a lump sum for expenditures that were more than calculated.

(c) If the expenditures were less than the per diem calculation assumed, the governing body will reimburse the department.

(3) The per diem rate for the second year of a per diem period will be calculated based on the first year's per diem and adjustments in the cost allocation plan and indirect cost plan based on actual expenditure information submitted to the department.

(4) The per diem rate calculation and determination will respect the budget process timeframes of the state and the facility governing bodies.

(5) Thirty days before a per diem rate change goes into effect, the department will publish on its web site the calculation data for each facility and will send the data to interested persons. The department will accept public comment on the rate change for 20 days after it is published on the web site. The department will publish on the web site its responses to the comments.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XVII to establish guidelines for the department and regional correctional facilities to review and adjust the per diem rate on a yearly basis. It is also necessary to establish a mechanism for public comment before a rate change goes into effect.

NEW RULE XVIII BILLING AND DEPARTMENT PAYMENT (1) For billing, facilities must submit a vendor invoice to the department monthly. The invoice must contain the following data for the preceding month:

(a) for each inmate incarcerated in the facility:

(i) the name and adult offender number of each inmate that was incarcerated in the facility the preceding month;

(ii) the date each inmate's incarceration began and if applicable, the date it ended; and

(iii) based on the dates of incarceration including the first day, but not the last, the total number of days each inmate spent incarcerated in the facility; and

(b) the amount due the facility based on the number of inmate days times the fixed rate per inmate per day.

(2) The department shall pay each correctly submitted invoice within 30 days of receipt. The department will make reasonable efforts to pay the governing body by wire transfer in accordance with the governing body's written instructions.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XVIII to establish the guidelines regional correctional facilities must follow in order for the department to pay them. It also establishes timelines for department payment to the facilities.

NEW RULE XIX DISPUTE RESOLUTION (1) There will be a dispute resolution process for per diem calculation issues covered under these rules.

(2) In the event that the department and the operator of a regional correctional facility cannot reach agreement on any issue covered under these rules, either party may request mediation.

(3) The mediator shall be selected by mutual agreement of the department and operator of the facility from a list of settlement masters maintained by the district court of the first judicial district court.

(4) The cost of the mediator shall be equally divided by the parties who engage in the mediation. Each party shall bear its own costs for participation in and presentation to the mediator.

(5) If this dispute resolution process does not resolve the dispute, either party is free to pursue other appropriate remedies.

(6) This dispute resolution process is not available for disputes over contract matters. The parties must use the dispute resolution provisions outlined in the contract to resolve contract disputes.

AUTH: 53-30-507, MCA

IMP: 53-30-504, 53-30-507, MCA

REASONABLE NECESSITY: The agency proposes New Rule XIX to give regional correctional facilities and the department a dispute resolution process to resolve disputes over issues covered in these rules. This rule is necessary to add a venue in order to air disputes and keep them from infecting the relationship between the entity and the state and potentially avert court actions.

5. Concerned persons may present their data, views, or arguments, either in orally or in writing, at the hearing. Written data, views, or arguments may also be submitted to Myrna Omholt-Mason at the contact information listed in paragraph 2, and must be received no later than 5:00 p.m. on December 21, 2006.

6. The Department of Corrections maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this agency. Persons who wish to have their name added to the list shall make a written request which includes the name and mailing address of the person to receive notices and specifies that the person wishes to receive notices regarding adult community corrections, youth services, Board of Pardons and Parole, private correctional facilities, or general departmental rulemakings. Such written request may be mailed or delivered to Myrna Omholt-Mason, at the contact information listed in paragraph 2, or may be made by completing a request form at any rules hearing held by the Department of Corrections.

7. An electronic copy of this Notice of Public Hearing will be available through the department's web site at www.cor.mt.gov. The department strives to make the electronic copy of this Notice of Public Hearing conform to the official version of the Notice, as printed in the Montana Administrative Register. However, the department advises that it will decide any conflict between the official version and the electronic version in favor of the official printed version. In addition, the department advises that the web site may be inaccessible at times, due to system maintenance or technical problems.

8. The bill sponsor notice requirements of 2-4-302, MCA, apply and have been fulfilled.

9 Colleen A. White, Hearings Examiner, will preside over and conduct the hearing.

/s/ Mike Ferriter
MIKE FERRITER
Director of Corrections

/s/ Colleen A. White
COLLEEN A WHITE
Rule Reviewer

Certified to the Secretary of State November 13, 2006.

MDOC Per Diem Calculation Worksheet for Regional Correctional Facilities

SCHEDULE A

Instructions: This should be completed and submitted to the Montana Department of Corrections by the governing body for the acquisition of detention services for state inmates. The cost information contained in this form will be reviewed by a representative from the MDOC Administrative and Financial Services Division. Upon request, additional supporting data in addition to that included as part of this cost sheet may be requested. The individual designated in Section V will be contacted by an MDOC representative to negotiate a per diem rate and its effective date. Upon completion of negotiations, a contract will be issued by the MDOC Administrative and Financial Services Division and forwarded to the governing body for review and signature. **The governing body shall only request the reimbursement of costs to the extent provided for in the latest revision of OMB Circular No.**

A-87. OMB Circular No. A-87 sets forth the principles and standards for determining allowable costs for state, local and Indian tribal governments. If additional guidance is required please contact Montana Department of Corrections, Administrative and Financial Services Division, (406) 444-3930.

Section I - General Information

Facility Name	_____	Facility Physical Address	_____
Phone Number	_____		_____
Fax Number	_____		_____
Facility Administrator	_____		_____

Section II - Financial Data Summary

TOTAL OPERATING COST FOR REGIONAL CORRECTIONAL FACILITY:

A. Time Frame (Fiscal Year): FROM: TO:
(MM/DD/YYYY) (MM/DD/YYYY)

ANNUAL COST

(Auto-calculated from
figures on following pages)

B. Total Personnel Salaries (Schedule B - Part I)	\$	-
---	----	---

C. Total Personnel Benefits (Schedule B - Part II)	\$	-
--	----	---

D. Total Consultants and Contract Service (Schedule C)	\$	-
--	----	---

E. Total Other Direct Operating Costs (Schedule D)	\$	-
--	----	---

F. Indirect Cost Proposal (Schedule E)*	\$	#DIV/0!
---	----	---------

**A certified indirect cost rate proposal must be submitted if reimbursement for indirect costs greater than 6% is requested.*

G. Total Equipment Depreciation Costs (Schedule F)	\$	-
--	----	---

H. Total Building Depreciation Costs (Schedule G)	\$	-
---	----	---

I. Total Actual Costs (Sum of Schedule B-G)	\$	#DIV/0!
---	----	---------

TOTAL ACTUAL COSTS FOR PRIOR FISCAL YEAR..... \$ 0

Actual State Inmate Days: 0

Actual State Inmate Days Per Diem: #DIV/0!

Section III - Inmate Population Information

Time Frame of Inmate Information

FROM: _____
(MM/DD/YYYY)

TO: _____
(MM/DD/YYYY)

(Must correspond with time frame on previous page)

Inmate Capacity of Regional Correctional Facility:

Type of Inmate	Male	Female	Juvenile	TOTAL
Federal	0	0	0	0
Local	0	0	0	0
State	0	0	0	0
TOTAL	0	0	0	0

Actual Inmate Days:

Type of Inmate	Male	Female	Juvenile	TOTAL
Federal	0	0	0	0
Local	0	0	0	0
State	0	0	0	0
TOTAL	0	0	0	0

Average Daily Population:

Type of Inmate	Male	Female	Juvenile	TOTAL
Federal	0	0	0	0
Local	0	0	0	0
State	0	0	0	0
TOTAL	0	0	0	0

Section IV - Per Diem

Proposed State Inmate Per Diem Rate: \$ _____ 0.00

Federal Inmate Per Diem Rate (if applicable): \$ _____ 0.00

Section V - Local Government Contact

Please provide the name of the individual authorized to represent and to act for the Local Government in per diem day rate negotiations.

Name _____ Department/Office _____
 Title _____ Street _____
 Phone () _____ Fax () _____ City _____ State _____ Zip _____

Section IV - Certification Statement

This is to certify that, to the best of my knowledge and belief, the data furnished in Schedules B through G is accurate, complete and current, and do not include any unallocable or unallowable costs prohibited by OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments) or any cost not related to the regional correctional facility as discussed on Form MDOC-243 (Cost Sheet for Detention Services). The records of the governing body are available for review and audit by the authorized representative of the MDOC Administrative and Financial Services Division to verify any per diem rate negotiated.

Name _____ Title _____
 Signature _____ Date _____

SCHEDULE B, PART I PERSONNEL SALARIES

Direct Personnel Salaries Supporting Regional Correctional Facility Operations

Instructions: List only those positions that are employed by the regional correctional facility.

Type of Position <small>* Must match post assignments total in the contract staffing pattern requirements</small>	(A) Number of Positions	(B) Annual Salary Cost \$	(C) % Time Allocated to State Inmates	(D) Total Personnel Salaries (B) x (C)=(D) \$
Warden		\$0	0.00%	\$0
Deputy Warden		\$0	0.00%	\$0
Captain		\$0	0.00%	\$0
Lieutenant		\$0	0.00%	\$0
Supervisors		\$0	0.00%	\$0
Correction Officers		\$0	0.00%	\$0
Escort/transportation Officer		\$0	0.00%	\$0
Visitation Officer		\$0	0.00%	\$0
Classification/case manager		\$0	0.00%	\$0
Program Manager		\$0	0.00%	\$0
Inmate Accounts/ bookkeeper		\$0	0.00%	\$0
Maintenance		\$0	0.00%	\$0
Clerical		\$0	0.00%	\$0
Medical		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
		\$0	0.00%	\$0
Adjustment to +/- personnel in upcoming year - <i>must be presented with full justification and mutually agreed upon</i>				\$0
Adjustment to +/- allocation in upcoming year - <i>must be presented with full justification and mutually agreed upon</i>				\$0

(Use continuation sheet if needed)

Total Personnel Salaries \$0

SCHEDULE B, PART II TOTAL PERSONNEL BENEFITS

Direct Personnel Benefits Supporting Regional Correctional Facility Operations

Instructions: Provide name of retirement plans (i.e. P.E.R.S. public employees retirement system), insurance plans (i.e., Blue Cross/Blue Shield), or unemployment insurance contribution plans for positions listed in Schedule B - Part I. The Personnel Salaries used to calculate each category below should match the Total Personnel Salaries from Schedule B, Part I. The only exception would be if insurance is accounted for as a total cost per person instead of a percentage of total personnel salaries.

(A) Number of Employees Participating	(B) Total Personnel Salaries \$0	(C) Employer Contribution	(D) Total Personnel Benefits (B) x (C)=(D)
---	---	---------------------------------	---

1. RETIREMENT PROGRAM(S)

a. PERS		\$0	6.90%	\$0
b. GWPORS		\$0	9.00%	\$0
c. TRS		\$0	8.47%	\$0
c. OTHER		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

2. INSURANCE PROGRAM(S) - this can be accounted for as a total cost per person or as a percentage of total personnel salaries.

a. Name:		\$0	0.00%	\$0
b. Name:		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

3. WORKER'S COMPENSATION PLAN (i.e. unemployment, worker's compensation, FICA)

a. Worker's Compensation		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

4. FICA

a. FICA		\$0	7.65%	\$0
Total Personnel Salaries		\$0		

5. UNEMPLOYMENT INSURANCE PROGRAM

a. Unemployment		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

6. OTHER EMPLOYER CONTRIBUTION PLAN

a.		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

7. OTHER EMPLOYER CONTRIBUTION PLAN

a.		\$0	0.00%	\$0
Total Personnel Salaries		\$0		

TOTAL PERSONNEL BENEFITS \$0

TOTAL PERSONNEL BENEFITS AS A PERCENTAGE OF TOTAL PERSONNEL SALARIES #DIV/0!

SCHEDULE C

TOTAL CONSULTANTS AND CONTRACT SERVICES

Instructions: List only those services directly involved in regional correctional facility operations and benefiting state inmates. Provide a detailed "description of service" to include position titles, # of hours and services provided.

Type of Service	# of Employees	Description of Service	(A) Annual Cost	Allocation Method <small>Direct Cost Center/ Bed Ratio/ Square Foot/ Cubic Foot</small>	(B) % Allocated to State Inmates	(C) Allocated Cost (A) x (B) = (C)
1 Medical			\$0		0.00%	\$0
2 Dental			\$0		0.00%	\$0
3 Chemical Dependency			\$0		0.00%	\$0
4 Educational			\$0		0.00%	\$0
5 Paralegal			\$0		0.00%	\$0
6 Foodservice			\$0		0.00%	\$0
7 Other			\$0		0.00%	\$0
8 Other			\$0		0.00%	\$0
9 Other			\$0		0.00%	\$0
10 Other			\$0		0.00%	\$0
11 Other			\$0		0.00%	\$0
12 Other			\$0		0.00%	\$0
Total Consultants and Contract Services			\$0			\$0

SCHEDULE D - TOTAL OTHER DIRECT OPERATING COSTS

Instructions: List only those costs associated with the operation of the regional correctional facility that directly benefit state inmates. Costs associated with local court and law enforcement activities are not allowable costs for the purpose of determining facility operating costs. You must show the allocation method used. All costs must be tied to the approved chart of accounts.

Cost Category	(A) Annual Cost	(B) Allocation method <small>Direct Cost Center/ Bed Ratio/ Square Foot/Cubic Foot</small>	(C) Percentage	(D) Allocated Cost (A) x (C) = (D)
Inmate compensation	\$0		0.00%	\$0
Food & Kitchen Supplies	\$0		0.00%	\$0
Inmate Clothing	\$0		0.00%	\$0
Prescriptions	\$0		0.00%	\$0
Medical Care Supplies	\$0		0.00%	\$0
Bedding & Linens	\$0		0.00%	\$0
Toiletries	\$0		0.00%	\$0
Employee Uniforms <small>(regional correctional facility staff only)</small>	\$0		0.00%	\$0
Safety & Sanitation Supplies & Services	\$0		0.00%	\$0
Maintenance Supplies	\$0		0.00%	\$0
Office Supplies	\$0		0.00%	\$0
Minor tools & Equipment under \$5,000 <small>(Please use Schedule F for equipment over \$5,000.)</small>	\$0		0.00%	\$0
Recreation & Education Supplies	\$0		0.00%	\$0
Postage	\$0		0.00%	\$0
Telephone & Communications	\$0		0.00%	\$0
Travel Expense	\$0		0.00%	\$0
Vehicle Expense	\$0		0.00%	\$0
Utilities	\$0		0.00%	\$0
Employee Training	\$0		0.00%	\$0
Property Insurance	\$0		0.00%	\$0
Interest Expense	\$0		0.00%	\$0
Other	\$0		0.00%	\$0
Other	\$0		0.00%	\$0
Other	\$0		0.00%	\$0
Other	\$0		0.00%	\$0
Credits <small>(e.g. phone credits, insurance rebates, recoveries or indemnities on losses, commissary income)</small>	\$0		0.00%	\$0
Credits <small>(e.g. phone credits, insurance rebates, recoveries or indemnities on losses, commissary income)</small>	\$0		0.00%	\$0
Credits <small>(e.g. phone credits, insurance rebates, recoveries or indemnities on losses, commissary income)</small>	\$0		0.00%	\$0
Total Other Direct Operating Costs	\$0			\$0

CERTIFICATE OF INDIRECT COST RATE PROPOSAL FY _____

Regional Correctional Facility

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal to establish indirect costs or billings for the above named fiscal year are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," and the contract(s) to which they apply. Unallowable costs have not been included in this proposal.

(2) All costs included in this proposal are properly allocable to the contract(s) on the basis of a beneficial or causal relationship between the expenses incurred and the contract(s) to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Governing Body: _____
Name of Official: _____
Signature: _____
Title: _____
Date of Execution: _____

MDOC Administrative and Financial Services Division

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal to establish indirect costs or billings for the above named fiscal year are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," and the contract(s) to which they apply. Unallowable costs have not been included in this proposal.

(2) All costs included in this proposal are properly allocable to the contract(s) on the basis of a beneficial or causal relationship between the expenses incurred and the contract(s) to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

MDOC Administrative and Financial Services Division
Name of Official: _____
Signature: _____
Title: _____
Date of Execution: _____

☐ **APPROVED**
☐ **NOT APPROVED**

SCHEDULE E - INDIRECT COST RATE PROPOSAL

Instructions: If you intend to claim indirect costs at a rate higher than the flat 8% allowed by MDOC you must provide the following indirect cost rate proposal with appropriate accounting documentation to support these calculations. An indirect cost is any cost not directly identified with a single, final cost objective and not subject to treatment as a direct cost. See OMB Circular A-87, Attachment E. If an indirect cost rate proposal is not submitted and approved by the MDOC Administrative Financial Services Division the regional correctional facility will be allowed to recoup no more than 8% of its direct costs as indirect costs.

(A) Type of Service Provided	(B) Organization Providing Service	(C) No. of Employees Involved FTE	(D) Total Cost	(E) % of Time Spent in Support of Regional Correctional Facility Operations	(F) % Allocated to State Inmates	(G) Allowable Indirect cost ((D) x (E)) x (F) = (G) \$
Accounting Services		0.00	\$0	0.00%	0.00%	\$0
Human Resources		0.00	\$0	0.00%	0.00%	\$0
Purchasing		0.00	\$0	0.00%	0.00%	\$0
Administrative Services		0.00	\$0	0.00%	0.00%	\$0
Budget Services		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0
		0.00	\$0	0.00%	0.00%	\$0

Total Indirect Costs: \$0

Total Direct Costs: \$0

Indirect Cost Rate: #DIV/0!

Flat 8% Indirect Cost Rate

Total Direct Costs: \$0

Indirect Cost Rate: 8.00%

Total Indirect Costs: \$0

SCHEDULE F - EQUIPMENT DEPRECIATION COST

Instructions: An itemized list of each piece of equipment in the current approved regional correctional facility operating budget for this contract period must be provided and/or attached to this worksheet for full purchase value consideration. If equipment is depreciated, show total acquisition amount and method used by governing body in calculating depreciation. A use allowance, not to exceed 6-2/3% of acquisition cost of usable equipment may be substituted in lieu of actual depreciation. Equipment must be used directly for regional correctional facility operations. Treatment of these costs must be consistent with the regional correctional facility's method of depreciation. Any new purchases must have invoices and be agreed upon prior to use in this calculation.

Part I - New Equipment Approved in Current Operating Budget (Use Continuation Sheet if Necessary)

(A) Item Description	(B) Depreciation Method	(C) Purchase Date	(D) Total Cost	(E) % of Time Spent in Support of Regional Correctional Facility Operations	(F) % Allocated to State Inmates	(G) Equipment Cost Allowance ((D) x (E)) x (F) = (G)
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
	Use Allowance		\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
			\$0	0.00%	0.00%	\$0
Total Equipment Depreciation Cost						\$0
Equipment Use Allowance (6 2/3 % of above)						\$0

Part II - Show method of calculating depreciation of equipment used by governing body if 6-2/3% depreciation is not used.

SCHEDULE G - BUILDING DEPRECIATION

Instructions: Provide an explanation of method used by governing body to depreciate buildings. Show date of construction; cost of construction (cost of land/site is not allowable); number of years in depreciation cycle. Note that federal or State assistance used for building construction are considered offsetting revenues and are to be subtracted from cost of construction. In lieu of building depreciation an annual use allowance of 2% of acquisition cost may be substituted. Treatment of these costs must be consistent with local government's method. If claiming debt service arising from construction or renovation of a facility, please specify in "other" below.

Part I. Depreciation Computation

(1) Facility	(2) Date of Construction	(3) Original Construction Cost	(5) Enter % of square footage for state inmates	(6) Total Depreciation Allowed
Main Building		\$0	0.00%	\$0
Additions		\$0	0.00%	\$0
				\$0
				\$0
				\$0
				\$0
Subtotal		\$0		\$0
Reduce Cost by MDOC grant		\$0	100.00%	\$0
Subtotal, after grant proceeds		\$0		\$0
Building Allowance (2% of above)				\$0

Part II - Show method of calculating depreciation of building used by governing body if the 2% use allowance is not used.